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June 5, 2009

To: Service List

Re: Docket No. 2008-0274; Proceeding to Investigate Implementing a Decoupling Mechanism for Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Limited

Enclosed please find information requests ("IRs") prepared by the Commission's consultant, the National Regulatory Research Institute, for the above-referenced docket. The Parties are directed to respond to the IRs within fourteen days of the date of this letter.

Please contact the undersigned if you have any questions.

Sincerely,

Kaiulani Kidani Shinsato
Commission Counsel

KKS:ps

Enclosure

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To HECO Companies

PUC-IR-39: Please confirm that HECO's responses to PUC-IRs 33 to 35 indicate that the cases without the proposed RAM (IRs 34 and 36) have a rate case in 2010 and 2012 rather than just one rate case with the RAM in 2011.

PUC-IR-40: Please confirm that HECO's responses to PUC-IRs 33 to 35 indicate a higher average forecasted achieved ROE for 2010-2013 for the cases without the RAM (IRs 33 and 35) than with the RAM (IRs 32 and 34). How much of this difference is due to an extra rate case?

PUC-IR-41: The forecasted achieved ROE for HECO in the rate case years in the responses to PUC-IRs 33-35 are lower in the RAM case than in the cases without the RAM. Does this indicate that the Commission should authorize a lower ROE with a RAM than without a RAM? Please discuss quantitatively.

PUC-IR-42: The forecasted achieved ROE in years 2011 and 2013 is about 20 basis points lower in the case without RPC than the cases with RPC. Is the 20 basis points a good estimate of the effect that customer growth has on the RPC without decoupling? If not, explain the basis for the 20 basis point difference.

PUC-IR-43: For the period 2004 though 2008, please provide for each utility, annually:

1. The target heat rate used in ECAC along with supporting calculations;
2. The actual heat rate used in calculating the ECAC along with supporting calculations;
3. The amount of money that (a) the utility earned or (b) was credited to customers because of the heat rate adjustment through the ECAC; and
4. Any over or under recovery associated with a constant 2005 energy resource mix.

PUC-IR-44: For each instance of renewable generation curtailment by the HECO Companies, provide:

1. The time and date of the curtailment; the marginal generation providing service and its marginal heat rate;
2. The last unit not dispatched and its marginal heat rate; and
3. The target heat rate included at that time in the ECAC.

PUC-IR-45: Please explain why reduced demand should increase the utility's projected heat rate. Is this relationship a generalization or will it occur in all cases of reduced demand? In what circumstances, if any, could a decrease in demand lead to a decrease in the heat rate (e.g., decrease occurs during peak hours when the displaced fossil generation has a heat rate inferior to the target heat rate)?

PUC-IR-46: Provide a full, objective evaluation of HDA's proposed "revenue per customer" approach. Your evaluation should take into account, but not be limited to, the following criteria:

a) Will it facilitate cost-effective reduction in the consumption of fossil fuel-based electricity?

b) Will it maintain the utility's ability to attract capital, on reasonable terms, in amounts sufficient to fulfill the utility's statutory obligations?

c) Will it reduce the total cost of serving the utility's customers?

d) Will it produce just and reasonable rates?

e) Will it improve quality of service?

f) Will it be easy for the utility to administer?

g) Will it be easy for the Commission to ensure that the approach works as advertised?

h) Will its results be transparent?

To HDA

PUC-IR-47: The record does not contain, in one place, a concise, complete and comprehensible description of precisely how HDA's revenue per customer approach works. Please provide a prose description, limited to two pages, that explains the proposal fully in a manner understandable to the average reader. The description should include a simple, "stick figure" example that illustrates --

A. the workings of the proposal under simple assumptions of base revenue requirement, number of customers, average customer usage and any other necessary assumptions; and

B. the outcomes under varying assumptions of number of customers, and average customer usage.

HDA may also provide a more realistic set of numerical examples, more complex than the stick figure example. With any of these numerical examples, include all notes and explanations necessary to make the examples self-explanatory. The reader should have everything necessary in this one illustration. The explanation need not contain the description of the various rate schedules included or excluded, as that material already appears clearly in HDA's FSOP.

To DBEDT

PUC-IR-48: Please respond to HECO's response to PUC-IR-30 where HECO rejected DBEDT's proposal to make the RAM contingent upon compliance with the RPS or other renewable goals. Describe any alternative proposals that would achieve DBEDT's proposed linkage between the RAM and meeting the state's clean energy goals and requirements.

To All Parties

PUC-IR-49: The current ECAC uses the 2005 energy mix to calculate the ECAC. Does the use of 2005 proportions rather than actual proportions cause the utility to charge more or less than its actual costs when the actual mix is different from the 2005 mix? Does the use of set proportions rather than actual energy mix create a complete pass through? If not, why have you not discussed the proportional allocation as well as the heat rate adjustment? If there have been differences between actual costs experienced and revenues charged to the customers because of the use of the 2005 energy mix, please provide the monetary difference for each year from 2004 through 2008.